

McD Europe Franchising S.à r.l.

Société à responsabilité limitée

(ci-après la "Société")

Siège social : 12F, rue Guillaume Kroll

L- 1882 Luxembourg

Capital social : USD 792.815.-

R.C.S. Luxembourg B22.841

La Société a été constituée suivant acte reçu par Maître Franck BADEN, notaire de résidence à Luxembourg, en date du 9 mai 1985, publié au Mémorial C, Recueil des Sociétés et Associations n° 172 de 1985.

Les comptes annuels de la Société au 31 décembre 2013 ont été déposés au Registre de Commerce et des Sociétés de Luxembourg.



McD Europe Franchising S.à r.l.

Pour mention aux fins de publication au Mémorial C, Recueil des Sociétés et Associations au Luxembourg.

BALANCE SHEET**Financial year from** ⁰¹ 01/01/2013 **to** ⁰² 31/12/2013 (in ⁰³ USD)

McD Europe Franchising S.à r.l.

12F, rue Guillaume Kroll

L-1882 Luxembourg

ASSETS

	Reference(s)	Current year	Previous year
A. Subscribed capital unpaid	1101 _____	101 _____	102 _____
I. Subscribed capital not called	1103 _____	103 _____	104 _____
II. Subscribed capital called but unpaid	1105 _____	105 _____	106 _____
B. Formation expenses	1107 _____	107 _____	108 _____
C. Fixed assets	1109 _____	109 157.809.668,42	110 274.653.257,95
I. Intangible fixed assets	1111 _____	111 9.749.461,33	112 126.742.997,33
1. Research and development costs	1113 _____	113 _____	114 _____
2. Concessions, patents, licences, trade marks and similar rights and assets, if they were	1115 _____ 3	115 9.749.461,33	116 126.742.997,33
a) acquired for valuable consideration and need not be shown under C.I.3	1117 _____	117 9.749.461,33	118 126.742.997,33
b) created by the undertaking itself	1119 _____	119 _____	120 _____
3. Goodwill, to the extent that it was acquired for valuable consideration	1121 _____	121 _____	122 _____
4. Payments on account and intangible fixed assets under development	1123 _____	123 _____	124 _____
II. Tangible fixed assets	1125 _____ 4	125 10.073.207,09	126 9.923.260,62
1. Land and buildings	1127 _____	127 9.962.269,70	128 9.744.955,03
2. Plant and machinery	1129 _____	129 _____	130 _____

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	Reference(s)	Current year	Previous year
3. Other fixtures and fittings, tools and equipment	1131 _____	131 <u>110.937,39</u>	132 <u>178.305,59</u>
4. Payments on account and tangible fixed assets under development	1133 _____	133 _____	134 _____
III. Financial fixed assets	1135 _____ 5	135 <u>137.987.000,00</u>	136 <u>137.987.000,00</u>
1. Shares in affiliated undertakings	1137 _____	137 <u>137.987.000,00</u>	138 <u>137.987.000,00</u>
2. Amounts owed by affiliated undertakings	1139 _____	139 _____	140 _____
3. Shares in undertakings with which the company is linked by virtue of participating interests	1141 _____	141 _____	142 _____
4. Amounts owed by undertakings with which the company is linked by virtue of participating interests	1143 _____	143 _____	144 _____
5. Securities held as fixed assets	1145 _____	145 _____	146 _____
6. Loans and claims held as fixed assets	1147 _____	147 _____	148 _____
7. Own shares or own corporate units	1149 _____	149 _____	150 _____
D. Current assets	1151 _____	151 <u>752.642.715,40</u>	152 <u>367.292.104,11</u>
I. Inventories	1153 _____	153 _____	154 _____
1. Raw materials and consumables	1155 _____	155 _____	156 _____
2. Work and contracts in progress	1157 _____	157 _____	158 _____
3. Finished goods and merchandise	1159 _____	159 _____	160 _____
4. Payments on account	1161 _____	161 _____	162 _____
II. Debtors	1163 _____	163 <u>95.093.689,43</u>	164 <u>93.517.166,38</u>
1. Trade receivables	1165 _____	165 <u>1.607.176,95</u>	166 <u>1.865.422,99</u>
a) becoming due and payable within one year	1167 _____	167 <u>1.607.176,95</u>	168 <u>1.865.422,99</u>
b) becoming due and payable after more than one year	1169 _____	169 _____	170 _____
2. Amounts owed by affiliated undertakings	1171 _____	171 <u>92.854.034,72</u>	172 <u>91.037.265,36</u>
a) becoming due and payable within one year	1173 _____	173 <u>92.854.034,72</u>	174 <u>91.037.265,36</u>
b) becoming due and payable after more than one year	1175 _____	175 _____	176 _____
3. Amounts owed by undertakings with which the company is linked by virtue of participating interests	1177 _____	177 _____	178 _____
a) becoming due and payable within one year	1179 _____	179 _____	180 _____
b) becoming due and payable after more than one year	1181 _____	181 _____	182 _____
4. Other receivables	1183 _____	183 <u>632.477,76</u>	184 <u>614.478,03</u>
a) becoming due and payable within one year	1185 _____	185 _____	186 _____

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	Reference(s)	Current year	Previous year
b) becoming due and payable after more than one year	1187 _____	187 <u>632.477,76</u>	188 <u>614.478,03</u>
III. Transferable securities	1189 _____	189 _____	190 _____
1. Shares in affiliated undertakings and in undertakings with which the company is linked by virtue of participating interests	1191 _____	191 _____	192 _____
2. Own shares or own corporate units	1193 _____	193 _____	194 _____
3. Other transferable securities	1195 _____	195 _____	196 _____
IV. Cash at bank, cash in postal cheque accounts, cheques and cash in hand	1197 _____	197 <u>657.549.025,97</u>	198 <u>273.774.937,73</u>
E. Prepayments	1199 _____	199 <u>192.378,47</u>	200 <u>188.756,04</u>
TOTAL (ASSETS)		201 <u>910.644.762,29</u>	202 <u>642.134.118,10</u>

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LIABILITIES

	Reference(s)	Current year	Previous year
A. Capital and reserves	1301 <u>6</u>	301 <u>689.892.618,87</u>	302 <u>430.608.532,96</u>
I. Subscribed capital	1303 _____	303 <u>792.815,00</u>	304 <u>792.815,00</u>
II. Share premium and similar premiums	1305 _____	305 <u>225.000.000,55</u>	306 <u>0,55</u>
III. Revaluation reserves	1307 _____	307 _____	308 _____
IV. Reserves	1309 _____	309 <u>118.151,20</u>	310 <u>118.151,20</u>
1. Legal reserve	1311 _____	311 <u>79.281,56</u>	312 <u>79.281,56</u>
2. Reserve for own shares or own corporate units	1313 _____	313 _____	314 _____
3. Reserves provided for by the articles of association	1315 _____	315 _____	316 _____
4. Other reserves	1317 _____	317 <u>38.869,64</u>	318 <u>38.869,64</u>
V. Profit or loss brought forward	1319 _____	319 <u>179.697.566,21</u>	320 <u>257.236.421,16</u>
VI. Profit or loss for the financial year	1321 _____	321 <u>284.284.085,91</u>	322 <u>172.461.145,05</u>
VII. Interim dividends	1323 _____	323 _____	324 _____
VIII. Capital investment subsidies	1325 _____	325 _____	326 _____
IX. Temporarily not taxable capital gains	1327 _____	327 _____	328 _____
B. Subordinated debts	1329 _____	329 _____	330 _____
C. Provisions	1331 <u>7</u>	331 <u>3.100.000,00</u>	332 _____
1. Provisions for pensions and similar obligations	1333 _____	333 _____	334 _____
2. Provisions for taxation	1335 _____	335 _____	336 _____
3. Other provisions	1337 _____	337 <u>3.100.000,00</u>	338 _____
D. Non subordinated debts	1339 <u>8</u>	339 <u>217.652.143,42</u>	340 <u>211.525.585,14</u>
1. Debenture loans	1341 _____	341 _____	342 _____
a) Convertible loans	1343 _____	343 _____	344 _____
i) becoming due and payable within one year	1345 _____	345 _____	346 _____
ii) becoming due and payable after more than one year	1347 _____	347 _____	348 _____
b) Non convertible loans	1349 _____	349 _____	350 _____
i) becoming due and payable within one year	1351 _____	351 _____	352 _____
ii) becoming due and payable after more than one year	1353 _____	353 _____	354 _____
2. Amounts owed to credit institutions	1355 _____	355 _____	356 _____
a) becoming due and payable within one year	1357 _____	357 _____	358 _____
b) becoming due and payable after more than one year	1359 _____	359 _____	360 _____

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	Reference(s)	Current year	Previous year
3. Payments received on account of orders as far as they are not deducted distinctly from inventories	1361 _____	361 _____	362 _____
a) becoming due and payable within one year	1363 _____	363 _____	364 _____
b) becoming due and payable after more than one year	1365 _____	365 _____	366 _____
4. Trade creditors	1367 _____	367 <u>3.307.154,71</u>	368 <u>1.019.667,27</u>
a) becoming due and payable within one year	1369 _____	369 <u>3.307.154,71</u>	370 <u>1.019.667,27</u>
b) becoming due and payable after more than one year	1371 _____	371 _____	372 _____
5. Bills of exchange payable	1373 _____	373 _____	374 _____
a) becoming due and payable within one year	1375 _____	375 _____	376 _____
b) becoming due and payable after more than one year	1377 _____	377 _____	378 _____
6. Amounts owed to affiliated undertakings	1379 _____	379 <u>205.669.584,36</u>	380 <u>202.301.029,62</u>
a) becoming due and payable within one year	1381 _____	381 <u>158.800.902,45</u>	382 <u>140.335.552,89</u>
b) becoming due and payable after more than one year	1383 _____	383 <u>46.868.681,91</u>	384 <u>61.965.476,73</u>
7. Amounts owed to undertakings with which the company is linked by virtue of participating interests	1385 _____	385 _____	386 _____
a) becoming due and payable within one year	1387 _____	387 _____	388 _____
b) becoming due and payable after more than one year	1389 _____	389 _____	390 _____
8. Tax and social security debts	1391 _____	391 <u>4.078.034,58</u>	392 <u>3.660.801,51</u>
a) Tax debts	1393 _____	393 <u>4.078.034,58</u>	394 <u>3.660.801,51</u>
b) Social security debts	1395 _____	395 _____	396 _____
9. Other creditors	1397 _____	397 <u>4.597.369,77</u>	398 <u>4.544.086,74</u>
a) becoming due and payable within one year	1399 _____	399 <u>4.597.369,77</u>	400 <u>4.544.086,74</u>
b) becoming due and payable after more than one year	1401 _____	401 _____	402 _____
E. Deferred income	1403 _____	403 _____	404 _____
TOTAL (LIABILITIES)		405 <u>910.644.762,29</u>	406 <u>642.134.118,10</u>

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PROFIT AND LOSS ACCOUNT**Financial year from** ⁰¹ 01/01/2013 **to** ⁰² 31/12/2013 (in ⁰³ USD)

McD Europe Franchising S.à r.l.

12F, rue Guillaume Kroll
L-1882 Luxembourg**A. CHARGES**

	Reference(s)	Current year	Previous year
1. Use of merchandise, raw materials and consumable materials	1601 _____	601 _____	602 _____
2. Other external charges	1603 _____ <u>9</u>	603 _____ <u>641.093.069,40</u>	604 _____ <u>696.296.827,77</u>
3. Staff costs	1605 _____ <u>10</u>	605 _____ <u>11.688.238,74</u>	606 _____ <u>10.368.478,69</u>
a) Salaries and wages	1607 _____	607 _____ <u>10.372.605,22</u>	608 _____ <u>8.410.167,20</u>
b) Social security on salaries and wages	1609 _____	609 _____ <u>1.097.516,80</u>	610 _____ <u>1.622.825,05</u>
c) Supplementary pension costs	1611 _____	611 _____ <u>218.116,72</u>	612 _____ <u>335.486,44</u>
d) Other social costs	1613 _____	613 _____	614 _____
4. Value adjustments	1615 _____	615 _____ <u>117.642.765,75</u>	616 _____ <u>117.782.184,03</u>
a) on formation expenses and on tangible and intangible fixed assets	1617 _____ <u>3, 4</u>	617 _____ <u>117.642.765,75</u>	618 _____ <u>117.782.184,03</u>
b) on current assets	1619 _____	619 _____	620 _____
5. Other operating charges	1621 _____	621 _____ <u>216.278,91</u>	622 _____ <u>215.758,08</u>
6. Value adjustments and fair value adjustments on financial fixed assets	1623 _____	623 _____	624 _____
7. Value adjustments and fair value adjustments on financial current assets. Loss on disposal of transferable securities	1625 _____	625 _____	626 _____
8. Interest and other financial charges	1627 _____	627 _____ <u>5.317.794,34</u>	628 _____ <u>9.358.602,67</u>
a) concerning affiliated undertakings	1629 _____	629 _____ <u>1.587.913,42</u>	630 _____ <u>2.128.287,42</u>
b) other interest and similar financial charges	1631 _____	631 _____ <u>3.729.880,92</u>	632 _____ <u>7.230.315,25</u>
9. Extraordinary charges	1633 _____ <u>7</u>	633 _____ <u>3.100.000,00</u>	634 _____

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	Reference(s)	Current year	Previous year
10. Income tax	1635 13	635 4.154.202,89	636 3.202.189,71
11. Other taxes not included in the previous caption	1637	637	638
12. Profit for the financial year	1639	639 284.284.085,91	640 172.461.145,05
TOTAL CHARGES		641 1.067.496.435,94	642 1.009.685.186,00

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B. INCOME

	Reference(s)	Current year	Previous year
1. Net turnover	1701 <u>11</u>	701 <u>1.064.852.505,82</u>	702 <u>1.008.821.469,05</u>
2. Change in inventories of finished goods and of work and contracts in progress	1703 _____	703 _____	704 _____
3. Fixed assets under development	1705 _____	705 _____	706 _____
4. Reversal of value adjustments	1707 _____	707 _____	708 _____
a) on formation expenses and on tangible and intangible fixed assets	1709 _____	709 _____	710 _____
b) on current assets	1711 _____	711 _____	712 _____
5. Other operating income	1713 _____	713 _____	714 _____
6. Income from financial fixed assets	1715 _____	715 _____	716 _____
a) derived from affiliated undertakings	1717 _____	717 _____	718 _____
b) other income from participating interests	1719 _____	719 _____	720 _____
7. Income from financial current assets	1721 _____	721 _____	722 _____
a) derived from affiliated undertakings	1723 _____	723 _____	724 _____
b) other income from financial current assets	1725 _____	725 _____	726 _____
8. Other interest and other financial income	1727 _____	727 <u>2.643.930,12</u>	728 <u>863.716,95</u>
a) derived from affiliated undertakings	1729 _____	729 _____	730 _____
b) other interest and similar financial income	1731 <u>12</u>	731 <u>2.643.930,12</u>	732 <u>863.716,95</u>
9. Extraordinary income	1733 _____	733 _____	734 _____
12. Loss for the financial year	1735 _____	735 <u>0,00</u>	736 <u>0,00</u>
TOTAL INCOME		737 <u>1.067.496.435,94</u>	738 <u>1.009.685.186,00</u>

**McD Europe Franchising S.à r.l.
12F, rue Guillaume Kroll
L-1882 Luxembourg**

R.C.S. Luxembourg B 22.841

**Annual accounts as at 31 December 2013 and,
Independent auditor's report**



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Ernst & Young
Société anonyme

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R.C.S. Luxembourg B 47 771
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Independent auditor's report

To the Shareholders
McD Europe Franchising S.à r.l.
12F, rue Guillaume Kroll
L-1882 Luxembourg

Report on the annual accounts

Following our appointment by the General Meeting of the Shareholders dated 28 May 2013, we have audited the accompanying annual accounts of McD Europe Franchising S.à r.l., which comprise the balance sheet as at 31 December 2013 and the profit and loss account for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Managers' responsibility for the annual accounts

The Board of Managers is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts and for such internal control as the Board of Managers determines is necessary to enable the preparation and presentation of annual accounts that are free from material misstatement, whether due to fraud or error.

Responsibility of the "réviseur d'entreprises agréé"

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier". Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the judgment of the "réviseur d'entreprises agréé", including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the "réviseur d'entreprises agréé" considers internal control relevant to the entity's preparation and fair presentation of the annual accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Managers, as well as evaluating the overall presentation of the annual accounts.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the annual accounts give a true and fair view of the financial position of McD Europe Franchising S.à r.l. as of 31 December 2013, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Report on other legal and regulatory requirements

The management report, which is the responsibility of the Board of Managers, is consistent with the annual accounts.

Ernst & Young
Société anonyme
Cabinet de révision agréé

A handwritten signature in black ink, appearing to read 'Aine Hearty'.

Aine Hearty

Luxembourg, 27 May 2014

McD Europe Franchising S.à r.l.
Société à responsabilité limitée
Notes to the annual accounts
as of December 31, 2013

NOTE 1 - GENERAL

McD Europe Franchising S.à r.l. - hereafter "the Company" - was incorporated on May 9, 1985 as a "Société à responsabilité limitée" within the definition of the Luxembourg Law of August 10, 1915, as amended, on commercial companies and for an unlimited period of time. The Extraordinary General meeting held on November 24, 2008 decided to change the name of the Company from Mc Donald's Immobilier G.m.b.H. to McD Europe Franchising S.à r.l.

The Company's registered office is established in Luxembourg.

The financial year of the Company runs from the 1st of January until the 31st of December of each year.

The object of the Company includes the holding of participations, in any form whatsoever, in any commercial, industrial, financial, or other, Luxembourg or foreign companies or enterprises; to acquire or through participations, contributions, underwriting, purchases or options, negotiation or in any other way any securities, rights, patents, trademarks, copyrights, any other franchise rights and licences, and other property, rights and interest in property as the Company shall deem fit, and generally to hold, manage, develop, sell, license or dispose of the same, in whole or in part, for such consideration as the Company may think fit, and in particular for shares or securities of any company purchasing the same; to enter into, assist or participate in financial, commercial and other transactions, and to grant to any holding company, subsidiary, affiliate or any other company associated in any way with the Company, or the said holding company, subsidiary, affiliate, or any other company in which the Company has a direct or indirect financial interest, any assistance, loans or advances, to borrow and raise money in any manner and to secure the repayment of any money borrowed.

The purpose of the Company is also the administration, purchase, sale and leasing of real estate, the provision of consultancy services in respect of the design, operations and management of restaurants of any kind, especially fast food gastronomy, both within the territory of the Grand Duchy of Luxembourg and abroad. The Company may operate restaurants of any kind, especially those belonging to the fast food gastronomy.

Furthermore, the Company may perform all commercial, technical and financial operations, connected directly or indirectly in all areas as described above in order to facilitate the accomplishment of its purposes.

In January 2, 2009, the Company established a U.S. branch with their office in Illinois, United States of America with its place of business located at McDonald's Plaza, Oak Brook, Illinois 60523, USA.

In January 29, 2009, the Company established a Swiss branch with their office in Switzerland with its place of business located at Boulevard du Théâtre 3, 1204 Geneva, Switzerland.

In February 2009, the Company entered into various agreements with its ultimate parent company McDonald's Corporation and affiliates whereby it acquired the rights to use, develop and/or sublease marketing and operating intangible assets developed by the McDonald's group linked to the McDonald's restaurant system within Europe. In return for this right, the Company is obliged to pay an annual fee to McDonald's Corporation and affiliates consisting of a royalty component and cost sharing expenses. The royalty component is calculated based on a percentage of the sales of the various European entities to which the Company has subleased the intangibles.

The Company has subleased the aforementioned intangibles to various franchisees within Europe and receives an annual franchise income which is calculated based on the annual sales of the franchisee.

In conformity with Article 316 of the Commercial Law of August 10, 1915, as amended, the Company is exempt from the obligation to establish consolidated accounts as the Company and all of its subsidiaries are consolidated in the consolidated accounts of its ultimate parent company McDonald's Corporation which has its registered address at One McDonald's Plaza, Oak Brook, Illinois.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**General principles**

These annual accounts have been prepared in accordance with generally accepted accounting principles and in accordance with the laws and regulations in force in the Grand-Duchy of Luxembourg.

Main valuation rules**Translation of currencies**

The accounts of the Company and its branches are expressed in USD.

The cost of fixed assets expressed in currencies other than USD are translated at the historical exchange rate.

Long term liabilities expressed in currencies other than USD are valued separately at the higher of the historical rate or the balance sheet exchange rate.

Current assets and current liabilities denominated in foreign currencies are translated into USD at the balance sheet exchange rate.

Income and expenses expressed in currencies other than USD are converted at the exchange rate applicable at the date of the transactions.

The resultant exchange gains and losses arising from the application of the above principles are reflected in the profit and loss account.

Intangible assets

Intangible assets are recorded at their acquisition price or at cost less accumulated amortization. The intangible assets are amortized on a straight-line basis over their estimated useful lives which is currently 5 years.

Tangible assets

Tangible assets are recorded at their acquisition cost, less depreciation. The acquisition price includes charges and expenses incurred in connection with their acquisition.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, which the Board of Managers has assessed as being 20 years for leasehold and 27 for buildings. Land is not depreciated.

Where the Company considers that land and buildings have suffered a permanent depreciation in value, a value adjustment is recorded in order to reflect this loss. These value adjustments are not maintained if the reasons for which they were made have ceased to apply.

McD Europe Franchising S.à r.l.
Société à responsabilité limitée
Notes to the annual accounts
as of December 31, 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets

Shares in affiliated undertakings are valued individually at the lower of their acquisition cost or their net realisable market value estimated by the Board of Managers. A value adjustment is recorded at the end of each year in case of any permanent diminution in value. These value adjustments are not maintained if the reasons for which they were made have ceased to apply.

Debtors

Debtors are stated at their nominal value.

A value adjustment is recorded when the estimated net realizable value is lower than the nominal value

The net realizable value is estimated on the basis of the information available to the Board of Managers .

Provisions

At the end of each period, provisions are recorded to cover all foreseeable liabilities and charges.

Provisions relating to previous periods are regularly reviewed and released if the reasons for which the provisions were recorded have ceased to apply

Creditors

Creditors are stated at their repayment value.

Net turnover : Revenue recognition – Royalties

All amounts receivable from affiliated undertakings under the Master Franchise Agreements are recognised on an accrual basis over the life of the contract. The amount invoiced is dependent on a number of factors including the level of sales of the franchisee.

NOTE 3 - INTANGIBLE FIXED ASSETS

	2013 USD	2012 USD
Cost at the beginning of the year	584 967 680,00	584 967 680,00
Additions	---	---
Cost at the end of the year	<u>584 967 680,00</u>	<u>584 967 680,00</u>
Depreciation at the beginning of the year	(458 224 682,67)	(341 231 146,67)
Depreciation during the year	<u>(116 993 536,00)</u>	<u>(116 993 536,00)</u>
Depreciation at the end of the year	<u>(575 218 218,67)</u>	<u>(458 224 682,67)</u>
Net book value at the end of the year	<u><u>9 749 461,33</u></u>	<u><u>126 742 997,33</u></u>

Intangible assets, acquired in February 2009 from affiliated undertakings, consist of rights to use the Mc Donald's restaurant system and related intellectual property developed in connection with McDonald's franchised restaurants in France (the "Developed Intangibles").

NOTE 4 - TANGIBLE FIXED ASSETS

Tangible assets relate to buildings and leasehold improvements.

	2013 USD	2012 USD
Cost at the beginning of the year	17 306 698,83	17 235 789,87
Additions	810 971,28	95 491,48
Disposals	<u>(11 795,06)</u>	<u>(24 582,52)</u>
Cost at the end of the year	<u>18 105 875,05</u>	<u>17 306 698,83</u>
Depreciation at the beginning of the year	(7 383 438,21)	(6 594 790,18)
Depreciation during the year	<u>(649 229,75)</u>	<u>(788 648,03)</u>
Depreciation at the end of the year	<u>(8 032 667,96)</u>	<u>(7 383 438,21)</u>
Net book value at the end of the year	<u><u>10 073 207,09</u></u>	<u><u>9 923 260,62</u></u>

Leased sites are depreciated over 237 months in parallel with the terms mentioned in the lease agreement.

Owned sites are depreciated over 240 (Leasehold Improvement) and 330 (buildings) months starting from the opening date. Other assets (i. e. equipment of the restaurants, office equipment) have useful lives up to 120 months.

McD Europe Franchising S.à r.l.
Société à responsabilité limitée
Notes to the annual accounts
as of December 31, 2013

NOTE 5 - FINANCIAL FIXED ASSETS

	Shares in affiliated undertakings USD
Acquisition cost at the beginning and the end of the year	<u>137 987 000,00</u>
Value adjustments at the beginning and the end of the year	<u>---</u>
Net book value as of December 31, 2013	<u>137 987 000,00</u>
Net book value as of December 31, 2012	<u>137 987 000,00</u>

The Company holds investments in the following companies:

Name & registered office	% held	Net book value as of December 31, 2013 USD
McDonald's European Finance Company B.V. Netherlands	40,70 %	137 962 000,00
McD Europe Franchising Services S.à r.l. France	100,00 %	25 000,00

The Board of Managers are in the opinion that no value adjustment has to be recorded on the investments as at December 31, 2013, considering either the market value of the investment or that the diminution in value is not permanent.

Art.65 paragraph (1) 2° of the law of December 19, 2002 on the register of commerce and companies and the accounting and annual accounts of undertakings (the "Law") requires the disclosure of the amount of capital and reserves and profit and loss for the last financial year of each affiliated undertaking. In conformity with Art 67.(3) of the Law, these details have been omitted since the undertaking is included in consolidated accounts drawn up by the ultimate parent company and these consolidated accounts and the related consolidated annual report and auditor's report thereon have been lodged with the Luxembourg Trade Registry.

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NOTE 6 - CAPITAL AND RESERVES

	Subscribed capital	Share premium and similar premiums	Legal reserve	Other reserves	Results brought forward	Result for the financial year
	USD	USD	USD	USD	USD	USD
Balance as of January 1, 2013	792 815,00	0,55	79 281,56	38 869,64	257 236 421,16	172 461 145,05
Allocation of the result 2012	---	---	---	---	172 461 145,05	(172 461 145,05)
Dividend distributed	---	---	---	---	(250 000 000,00)	---
Allocation to equity without issuing new shares	---	225 000 000,00	---	---	---	---
Result for the financial year	---	---	---	---	---	284 284 085,91
Balance as of December 31, 2013	<u>792 815,00</u>	<u>225 000 000,55</u>	<u>79 281,56</u>	<u>38 869,64</u>	<u>179 697 566,21</u>	<u>284 284 085,91</u>

Subscribed capital

As of December 31, 2013, the subscribed and paid up capital amounting to USD 792.815,00 is represented by 792.815 shares having a nominal value of USD 1.00 each.

Share premium and similar premiums

On November 29, 2013, the sole shareholder decided to convert the unpaid dividend declared of the amount of USD 225.000.000,00 into equity of the Company without issuing new shares (account 115 of the standard chart of accounts "*apport en capitaux propres non rémunérés par des titres*").

Legal reserve

In accordance with the Luxembourg Law of August 10, 1915, as amended, on commercial companies, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance of the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution during the life of the Company.

Allocation of the results

On May 28, 2013, the sole shareholder decided to allocate the profit amounting to USD 172.461.145,05 realized during the year 2012 to the results brought forward. The sole shareholder resolved to pay an annual dividend amounting to USD 250.000.000,00. Thus, the remaining profit carry forward is amounting to USD 179.697.566,21.

NOTE 7 - PROVISIONS

In the ordinary course of business, the Company is subject to proceedings, lawsuits and other claims primarily related to competitors, customers, employees, franchisees, government agencies, intellectual property, shareholders and suppliers. The Company is required to assess the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable losses. A determination of the amount of accrual, if any, for these contingencies is made after careful analysis of each matter. The required accrual may change in the future due to new developments in each matter or changes in approach such as a change in settlement strategy in dealing with these matters.

NOTE 8 - NON SUBORDINATED DEBTS

	Less than 1 year	Between 1 and 5 years	Total
	USD	USD	USD
Loans owed to affiliated undertakings	97 242 283,74	46 868 681,91	144 110 965,65
Interest accrued on loans owed to affiliated undertakings	556 934,58	---	556 934,58
Intercompany cost sharing expense payable	16 864 714,65	---	16 864 714,65
Intercompany trade payable	44 136 969,48	---	44 136 969,48
Trade creditors	3 307 154,71	---	3 307 154,71
Tax debt	4 078 034,58	---	4 078 034,58
Other creditors	4 597 369,77	---	4 597 369,77
Net book value as of December 31, 2013	<u>170 783 461,51</u>	<u>46 868 681,91</u>	<u>217 652 143,42</u>
Net book value as of December 31, 2012	<u>149 560 108,40</u>	<u>61 965 476,73</u>	<u>211 525 585,13</u>

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NOTE 8 - NON SUBORDINATED DEBTS (continued)

The Company was granted the following loans which are outstanding as of December 31, 2013:

Less than one year :

- a loan from McDonald's Suisse Holding SA granted on June 18, 2013 amounting to CHF 29.486.051,89 with an interest rate of 0,3914% per year. The loan shall be reimbursed on June 18, 2014

As of December 31, 2013, the outstanding balance of the loan amounts to USD 33.182.592,72 and the accrued interest to USD 71.071,39.

- a loan from McDonald's Suisse Holding SA granted on December 5, 2011 amounting to CHF 56.673.625,00 with an interest rate of 0,318% per year. The loan shall be reimbursed on December 5, 2014.

As of December 31, 2013, the outstanding balance of the loan amounts to USD 63.778.556,16 and the accrued interest to USD 427.039,96.

- McDonald's Restaurant Operations Inc. granted an unsecured, interest-free and repayable on demand advance amounting to USD 281.134,86 (ISK 35.452.061,00).

Between one and five years :

- a loan from McDonald's Ireland Ltd granted on October 15, 2013 amounting to EUR 9.417.781,00 with an interest rate of 1,4500% per year. The loan shall be reimbursed on October 12, 2018.

As of December 31, 2013, the outstanding balance of the loan amounts to USD 12.986.178,22 and the accrued interest to USD 40.799,62.

- a loan from McDonald's Suisse Holding SA granted on November 12, 2013 amounting to CHF 30.107.992,78 with an interest rate of 0,3830% per year. The loan shall be reimbursed on November 14, 2016.

As of December 31, 2013, the outstanding balance of the loan amounts to USD 33.882.503,69 and the accrued interest to USD 18.023,61.

NOTE 9 - OTHER EXTERNAL CHARGES

Other external charges consist of cost sharing expenses, royalty expenses and management fees.

The royalty expenses and cost sharing expenses relate to annual payments made under the agreements outlined in Note 1.

NOTE 10 - STAFF COSTS

The average number of staff employed during the 2013 financial year is 13 (2012: 13).

NOTE 11 - NET TURNOVER

Net turnover consist of royalties received or receivable under Master Franchise Agreements in connection with the sublease of rights to use the McDonald's restaurant system and related intellectual property in connection with McDonald's franchised restaurants in Europe.

As of December 31, 2013 and 2012, the net turnover consists of royalties mainly realized in Europe.

NOTE 12 - OTHER INTEREST AND OTHER FINANCIAL INCOME

In 2013 other interest receivable and financial income mainly consist of foreign exchange amounting to USD 675.215,09 (2012: USD 210.189,12).

NOTE 13 - TAXATION

The Company is fully taxable in Luxembourg and subject to the applicable general tax regulations.

The tax on the profit comprises :

- USD 3.210.816,75 for the US Branch income taxes,
- USD 939.089,29 (CHF 870.000,00) for the Swiss Branch income taxes,
- USD 4.296,85 (EUR 3.235,00) for the Luxembourg Head office income taxes.

NOTE 14 - REMUNERATION OF AUDITORS

The statutory accounts for the year ended December 31, 2013 include auditors' fees for USD 141.817,38 (EUR 102.848,20) (2012: USD 184.586,44).

NOTE 15 - ADVANCES OR CREDIT GRANTED TO THE MEMBERS OF THE ADMINISTRATIVE MANAGEMENT

No advances nor credit have been granted to the Managers during 2013 and 2012.

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NOTE 16 - COMMITMENTS AND OFF BALANCE SHEET ITEMS

As mentioned in Note 1, the Company is party to various franchise agreements for a minimum of 5 years. Under these agreements the Company is required to pay royalty fees to affiliated undertakings during this period based on a percentage of sales generated by the entities to which the Company has subleased these franchises

In addition the Company has entered into agreements with various European entities within the McDonald's group to reimburse them for any costs incurred in the ongoing development of the McDonald's restaurant system.

McD Europe Franchising S.à r.l.***Société à responsabilité limitée*****(ci-après la "Société")****Siège social : 12F, rue Guillaume Kroll****L- 1882 Luxembourg****Capital social : USD 792.815.-****R.C.S. Luxembourg B22.841**

Conseil de gérance en fonction :Monsieur **James SERNETT**, gérant AMonsieur **Julian HILTON-JOHNSON**, gérant AMonsieur **Guy HARLES**, gérant B**Réviseur d'entreprises agréé :**

Ernst & Young

Affectation du résultat :

Le conseil de gérance a proposé et l'associé unique de la Société a décidé de répartir le profit de l'exercice clos au 31 décembre 2013 de 284.284.085,91 USD de la manière suivante :

Résultats reportés au 31.12.2013	USD	179.697.566,21
Profit de l'exercice social clos au 31.12.2013	USD	284.284.085,91
Distribution de dividendes	USD	- 280.000.000,00
Résultat à reporter à l'exercice social suivant	USD	4.284.085,91